**AMRITA UNIVERSITY MBA PROGRAMME**
Kochi

# ADVANCED FINANCIAL MANAGEMENT
# FI406E

Trimester IV
Class of 2017-19

# ADVANCED FINANCIAL MANAGEMENT

## Course Objective

This course is designed as a second level course in corporate financial management. This course provides a conceptual framework within which key financial decisions and risks relating to corporates are analysed. The focus of this paper will be on long term financial decision making and corporate value creation. The course intends to expose the student to various valuation methods. An important aim is to help the student develop an ability to identify relevant issues in real world examples and to enable them to critically evaluate decisions regarding corporate financial policy.

## Learning Outcomes

- To understand the application of finance theory to corporate financial decision making
- To understand the agency model and its applications in corporate finance.
- To be able to identify the sources of positive net present value and appreciate how financial strategies can create value for the firm.
- To be able to apply the principles of capital structure in the determination of the appropriate level of debt for a corporate.
- To understand the factors determining corporate dividend policy.
- To apply various models in valuing a company
- To analyze mergers and acquisitions, and other major forms of corporate restructuring and understand how such transactions can create value.
- To appreciate financial management of turnarounds, intangible intensive companies and innovations in financial instruments

**Course objectives and Outcomes**

| LG / CO | Critical and integrative Thinking | Effective written and oral communication | Societal and Environmental Awareness | Ethical Reasoning | Leadership |
|---|---|---|---|---|---|
| CO1: Knowledge | 3 | 2 | 0 | 2 | 0 |
| CO2: Skill sets for valuation methods | 3 | 2 | 0 | 2 | 0 |

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|---|---|---|---|---|---|
| **CO3: Solving problems** | 3 | 2 | 0 | 2 | 0 |
| **CO4: Financial Decision making** | 3 | 2 | 0 | 2 | 0 |
| **CO5: Corporate Financial Policy** | 3 | 2 | 0 | 2 | 0 |

**Course contributes mostly to**: **Employability, Skill Development**

## Course Outline

1. Capital Structure Planning
2. Dividend Policy and Share Valuation
3. Debt and Hybrid Financing
4. Corporate Valuation
5. Value Based Management and EVA
6. Corporate Governance and Executive Compensation
7. Financial Management in intangible – Intensive companies

## Teaching Method

Classroom discussions of concepts, problem solving and case presentations would be predominantly used.

## Expectation from students

Students are expected to possess the basic knowledge of Financial Concepts and Computational Skills already covered in the core paper on Financial Management. Students are expected to constantly keep in touch with what is happening in the corporate world so that they are able to relate the concepts to its practical application. Regular attendance of classes and prompt submission of assignments is a must.

**Evaluation Scheme**

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|---|---|
| Cases and Presentations | 25% |
| Assignment and Quizzes | 10% |
| Mid Course Exam | 25% |
| Viva | 10% |
| Final Exam | 30% |

**Sessions Plan**

| Sl.No | Topic | No of Sessions | Readings (From the prescribed text book) |
|---|---|---|---|
| 1 | Capital Structure Planning | 5 | Basics ,Chapters 19 &20<br>Nike Inc. Case |
| 2 | Dividend Policy and Share Valuation | 4 | Chapters 21 and 22<br>Case |
| 3 | Valuation & Managing Strategy for Value | 5 | Chapter32, Chapter 33, Chapter 34<br>Chapters 1 and 2 of Valuation; Measuring and Managing the value of companies, Tom Copeland, McKinsey & Co. |
| 4 | Understanding Debt | 3 | Chapter 23<br>Caselet |
| 5. | Financial Management in Intangible Intensive Companies | 1 | Chapter 39 |
| 6. | Performance Management and Balanced Scorecard | 1 | Chapter 36 |
| 9. | Corporate Governance | 1 | Chapter 35 |
| 10. | Presentations /Evaluations | 4 | |
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| | | 24 | |

Prescribed Books–

1.Principles of Corporate Finance (11th edition), Brealey, Myers,Allen and Mohanty, McGraw Hill International2.Financial Management Theory and Practice ( 9th Edition ) by Prasanna Chandra, Tata McGraw Hill

**Reference**

1.James C. Van Horne, Financial Management and Policy,(12th Edition)Prentice Hall of India

2. Applied Corporate Finance – A User's Manual (4th Edition), Wiley India (P) Ltd

3. Ross, Westerfield Jaffe, Corporate Finance, (10th edition), McGraw Hill

4. Eugene F Brigham/ Louis C. Gapaneski, Financial Management - Theory and Practice, (15thEdition), Dryden Press

5.Donald H. Chew. Jr., The New Corporate Finance,(3rdedition), McGraw Hill International Edition..

6. John F Marshall and Vipul K. Bansal, Financial Engineering - A Complete Guide to Financial Innovation, Prentice Hall of India.—3 rd Ed.